

Research Update:

Vienna Insurance Group Outlook Revised To Positive On Improving Earnings And Diversification; 'A+' Ratings Affirmed

October 23, 2025

We corrected this Research Update on Oct. 24, 2025, to clarify in the “Upside scenario” section that all upside triggers would need to be fulfilled for an upgrade.

Overview

- In our view, Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) has made meaningful progress in recent years in further diversifying its operations and expanding both scale and earnings, and its planned acquisition of NUERNBERGER Beteiligungs-AG (NUERNBERGER) should build on this.
- We believe the combined group's financial risk profile will remain at least very strong, with a buffer sustainably well above the 99.95% confidence level, according to our capital model.
- We therefore revised our outlooks on VIG and its core subsidiary, VIG RE zajist'ovna a.s. (VIG Re) to positive from stable and affirmed our 'A+' long-term insurer financial strength and issuer credit ratings on these entities.
- The positive outlook reflects that we could raise the ratings by one notch over the next 24 months if VIG continues to expand profitably in its chosen core region and diversify group earnings consistent with those of higher rated peers. An upgrade also hinges on the integration of NUERNBERGER and recovery of its profitability--which would further strengthen the group's business and earnings diversity, adding a strong earnings contributor in a highly developed insurance market--while maintaining an at least very strong group financial risk profile.

Rating Action

On Oct. 23, 2025, S&P Global Ratings revised its outlook on VIG and its core subsidiary, VIG RE to positive from stable. At the same time, we affirmed our 'A+' insurer financial strength and issuer credit ratings on these entities.

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Rationale

VIG has made further strong progress in diversifying its business and expanding its overall scale and earnings in recent years, driven by strong performance in Central and Eastern Europe (CEE). This growth has broadened VIG's earnings base and enhanced resilience by reducing reliance on its traditionally most earnings-generative markets: Austria and the Czech Republic. This positions the group for continued, sustainable expansion across the CEE region. In the first half of 2025, insurance revenue rose by 8.1% to €6.4 billion (gross written premiums by 8.7% to €8.6 billion) and profit before tax by 10.5% to €531 million. VIG continues to be a market leader in Austria and numerous other CEE countries.

Aligned with its strategy for diversified growth, VIG plans to acquire a majority stake in Germany-domiciled NUERNBERGER insurance group (not rated). We understand that VIG and NUERNBERGER have signed a business combination agreement, and that the likelihood of the acquisition being completed is high, given that the majority of current shareholders have entered into irrevocable undertakings to tender their shares. The closing of the acquisition is planned for the second half of 2026 and is still dependent on formal acceptance of the purchase offer by current shareholders and regulatory and competition authority approvals.

NUERNBERGER represents a strategic expansion of VIG's footprint in the German insurance market. This transaction will further enhance VIG's overall scale and earnings resilience, significantly increase its market share in Germany and deepen its product offering, as NUERNBERGER's life biometric expertise may develop into a competence center for the entire group.

On a pro forma basis for 2024, combining VIG's €15.2 billion in gross written premiums with NUERNBERGER's €3.7 billion (local GAAP) would result in a business that will likely exceed €20 billion gross written premiums in its first year of consolidated financial results in 2026.

NUERNBERGER reported a consolidated net loss of €77 million in 2024, which was the result of material challenges in the property/casualty (P/C) insurance portfolio due to claims inflation and NUERNBERGER targeting a stronger reserving position. In the first half of 2025, NUERNBERGER achieved a significant improvement in its P/C business through a restructuring program. The combined ratio improved sharply to 90.8% (down from 110% in first-half 2024), while group net income rose to €48 million, which sends an important signal for the prospective contribution of this business to VIG's group results.

VIG has a long track record of operating a multi-brand strategy in multiple markets with strong, de-centralized local management teams. Leveraging its group wide corporate functions including notably IT capabilities in this case, and expertise in mergers and acquisitions, VIG is in a good position to sustainably enhance NUERNBERGER's profitability in P/C insurance, modernize its IT platform, and reduce its above-average cost ratios. We therefore believe the acquisition has the potential to improve VIG's business and earnings diversification further over time.

We expect VIG will further improve its earnings diversification allowing for net income above €650 million in 2025 with a gradual upward trajectory through 2027, with NUERNBERGER expected to contribute meaningfully to group earnings over time. We also anticipate the group's net combined ratio will remain strong at 92%-94% over 2025-2027, assuming normalized losses from natural catastrophes.

VIG's excess capital position according to our capital model was substantially above the 99.99% confidence level at year-end 2024, and its Solvency II ratio was a strong 259% (excluding

transitional measures) at the end of the second quarter of 2025 allowing the acquisition, valued at €1.38 billion, to be fully financed from internal sources.

Despite the expected decline on the 99.99% capital buffer resulting from the acquisition of NUERNBERGER and its higher equity investment exposure compared with VIG, we anticipate that the combined group's financial risk profile will remain very strong. We expect capital adequacy to substantially exceed the 99.95% confidence level according to our capital model. This is supported by a robust Solvency II ratio for NUERNBERGER of 247% (excluding transitionals) supported by NUERNBERGER's focus on capital-light biometric and unit-linked business in life insurance.

In 2025, VIG's investment portfolio demonstrated stability and resilience, characterized by a conservative approach with fixed-income investments comprising the majority (94% investment-grade bonds). While the portfolio includes a moderate exposure to illiquid real estate (10% of assets) and a small equity allocation (3%), NUERNBERGER's higher equity exposure introduces some increased market risk to the combined group. Future focus will be on assessing how the integration affects VIG's established risk appetite and potential volatility in investment-related earnings.

As we expect the acquisition to be funded from internal resources, we anticipate no material impact on the group's financial leverage and fixed-charge coverage. We anticipate leverage will stay within the 29%-35% range, while fixed-charge coverage will remain comfortably above 8x throughout 2025-2026. This is supported by strong underlying earnings, which reinforce VIG's financial stability and capacity to meet its obligations.

Outlook

The positive outlook reflects our view of improving earnings and broader geographic diversification, which continue to reduce VIG's reliance on its traditional core markets, Austria and Czech Republic. The group's expanding footprint across CEE is making its earnings base more balanced and resilient.

Downside scenario

We could revise the outlook back to stable over the next 24 months if:

- The group's earnings are consistently weaker or more volatile than our base-case assumptions, and do not continue to diversify for greater earnings resilience;
- NUERNBERGER's earnings recovery is below expectations or execution risks materialize;
- Capital adequacy falls below our risk-based capital model's 99.95% confidence level for an extended period.

Upside scenario

We could raise the ratings on VIG by one notch over the next 24 months if:

- VIG continues to expand profitably in its chosen core region and diversify group earnings consistent with higher rated peers;
- The acquisition of NUERNBERGER proceeds as planned, with profitability sustainably recovering over time, and thereby further strengthening the group's business and earnings diversification and adding a new, significant earnings contributor; and

- VIG maintains capital adequacy sustainably well above the 99.95% confidence level, effectively balancing investment risk, business growth, and capital generation.

Rating Component Scores	To	From
Business Risk Profile	Strong	Strong
Competitive position	Strong	Strong
IICRA	Intermediate risk	Intermediate risk
Financial Risk Profile	Very Strong	Very Strong
Capital and earnings	Very strong	Very strong
Risk exposure	Moderately low	Moderately low
Funding structure	Neutral	Neutral
Anchor	a+	a+
Modifiers		
Governance	Neutral	Neutral
Liquidity	Exceptional	Exceptional
Comparable rating analysis	0	0
Current Credit Rating		
Local currency financial strength rating	A+/Positive/--	A+/Stable/--
Foreign currency financial strength rating	--	--
Local currency issuer credit rating	A+/Positive/--	A+/Stable/--
Foreign currency issuer credit rating	--	--

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Insurance | General: Insurer Risk-Based Capital Adequacy--Methodology And Assumptions](#), Nov. 15, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Insurance | General: Insurers Rating Methodology](#), July 1, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Bulletin: Vienna Insurance Group's Potential Acquisition Of NUERNBERGER Beteiligungs-AG Is In Line With Its Strategy](#), Aug. 12, 2025
- [Vienna Insurance Group's Proposed Junior Subordinated Callable Fixed-To-Floating Notes Rated 'A-', March 25, 2025](#)
- [Tear Sheet: Vienna Insurance Group AG Wiener Versicherung Gruppe](#), June 3, 2025

Ratings List

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Vienna Insurance Group AG Wiener Versicherung Gruppe		
VIG RE zajist'ovna a.s.		
Issuer Credit Rating		
Local Currency	A+/Positive/--	A+/Stable/--
Financial Strength Rating		
Local Currency	A+/Positive/--	A+/Stable/--

Ratings Affirmed

Vienna Insurance Group AG Wiener Versicherung Gruppe		
Senior Unsecured	A	
Junior Subordinated	A-	

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